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Gold In Guatemala

by LADB Staff

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An immense gold-mining operation in the San Marcos department of Guatemala has pitted the Catholic Church against a government sorely in need of money and a private sector eager to get in on expected wealth. At the pivot point is an indigenous population in need of jobs but firmly against the environmental destruction the mine will bring.

Despite local opposition, the operation is thought by even its strongest opponents to have gone too far to stop. Now the question is how to keep it from being a permanent disaster, a disaster that will outlive the single decade the mine will be productive.

In September 2005 President Oscar Berger came to San Marcos to officiate at the start of construction of a road to link San Miguel Ixtahacan with Concepcion Tutuapa. The road is financed by the mining company. Berger told locals that the mine would be an "exemplary project" and that, if it failed, there would be no more mining in the country, rich in metals, minerals, and oil. Berger is looking forward to the moment when royalties begin to roll in to the treasury when the mine, now 95% complete, starts up, probably before the end of the year. Expectations are that the operation will extract 4,500 tons of silver and gold during its lifetime. Investment in the mine is said to top US\$157 million.

World Bank finances environmental disaster

Much of this investment is World Bank money, channeled through the International Finance Corporation (IFC), its private finance branch. The bank has come under criticism for ignoring a report that said the bank failed to consult the local community or properly evaluate the environmental and humanitarian impact of the mine. A draft of the report obtained by The Financial Times said the IFC did not provide sufficient time "to allow a reasonably informed consultation. The IFC should have considered more systematically the potential risk on human rights at the project level; should have taken appropriate measures to mitigate these risks."

In January a 40-day protest ended in a clash between protesters and security forces (see NotiCen, 2005-01-20). In March, a local resident was shot by an off-duty private security guard working for the mining company, Glamis. In June, a referendum in one municipality showed 98% of residents opposed to the project.

A spokesperson for Glamis, nominally a Canadian company, said, "We have a signed document from the indigenous leadership early on in the project that they wanted to go ahead. We are convinced this will be good for the local community." Following up on the Financial Times story, Spanish news service EFE contacted the IFC in Washington, but spokesperson Corrie Shanahan declined to comment, saying only that the report was a draft of a confidential report and that comment would be "inappropriate."

This was not the only time the World Bank has violated its own rules in connection with this project. A year ago the bank rejected the recommendation of an independent commission that the institution stop financing the mining industry. Rashad Kaldany, director of the division of oil and mining projects at the World Bank, defended Glamis, saying, "The company has done much good in the community and has created job opportunities in a place where it is difficult to make a living." It is more than difficult to make a living in San Marcos; 80% of the population lives in poverty and 40% of these live in desperate conditions. Yet, they oppose the mine.

Glamis is a Canadian company, yet it operates no mines in Canada. Its head office is in Reno, Nevada. Glamis Gold Ltd. is incorporated in Canada, benefiting from Canadian tax laws and the provisions of the North American Free Trade Agreement (NAFTA). It will soon be able to count on additional advantages granted by the Central American Free Trade Agreement (CAFTA). When CAFTA comes into effect in January 2006, Glamis will be able to sue the government if it can show that these, or health laws, or security laws put its investment at risk. Glamis started the Guatemala project in 2002 when it acquired the Marlin mine in San Marcos.

According to reports, Glamis could have financed the whole enterprise but sought the World Bank loan to mitigate the social and political risks. Once securing US\$45 million from the IFC, the company quickly bought up land in San Miguel, and its wholly owned subsidiary Montana Exploradora de Guatemala began construction. The strategy of involving the bank has already paid off.

The flawed consultation process has been shunted toward the IFC, and the multilateral institutions together are sharing in deflecting charges of forced land sales, unregulated use of municipal water, fear and lack of security in the area, and hazy commitments regarding how, or if, local people will derive any benefit from the project. Further, said Sandra Cuffe, an expert on mining issues in Guatemala with the international nongovernmental organization (NGO) Rights Action, "Foreign governments will think twice before interfering in a World Bank project."

Complaints are filed, but there's no stopping it now

It is probably too late to stop the mine from operating, but a complaint to the International Labor Organization (ILO) has been filed. The basis is that Convention 169 on Indigenous and Tribal Peoples has been violated, specifically Article 15 (2), which stipulates that, in the case of subsurface resources on indigenous lands, governments must "consult these peoples, with a view of ascertaining whether or to what degree their interests would be prejudiced, before undertaking or permitting any programs for the exploration or exploitation of such resources pertaining to their lands." Guatemala ratified Convention 169 as a part of the December 1996 Peace Accords.

Complaints have also been filed with the IFC Compliance Advisory Ombudsman, but it appears now that the indigenous people and the Catholic Church that is supporting them will bear the weight of further protest. At the head of it is Bishop Alvaro Ramazzini of the San Marcos diocese, who has led the fight from the beginning. In April he led a march of thousands through the streets of San Marcos. At that time, Ramazzini said the church was seeking a permanent ban on all open-pit

metallic mining and cyanide leaching, and stricter standards for evaluating environmental impact. Experts on the side of environmentalism have confirmed a high risk of contamination of water supplies from cyanide.

One such expert, Colorado-based geologist Robert Moran, has reviewed the project's environmental impact assessment (EIA) and concluded, "The EIA wouldn't be acceptable in a developed country." The government has admitted it lacks the resources to monitor compliance even with current standards. The situation has put the government directly at odds with the church, a rare occurrence. Berger has accused Ramazzini of leading the people to violence. The accusation brought nationally known and respected Guatemalan Cardinal Rodolfo Quezada Toruno to Ramazzini's side in solidarity.

The cardinal lashed back at Berger, saying, "The government only responded to the interests of transnational companies." Soon thereafter, Ramazzini got a death threat and added round-the-clock government bodyguards to his retinue. The threat did not deter the bishop. He turned aside colleagues' advice to give it all up. "If we don't evangelize to help the poor," he said, "it's not the evangelizing of Jesus Christ, and we have to ask ourselves what kind of evangelizing we are doing."

Ramazzini's support does not cross borders, however. In neighboring El Salvador, Opus Dei Archbishop Fernando Saenz Lacalle said, "There are diverse ways the church can protest. One can be marching in front of a group of people on the street, the other could be producing a measured document that is as strong as necessary." In San Marcos, measured documents do not quite meet the need.

"We are not very educated here," said Carnuto Andres Lopez at a meeting where one of Ramazzini's priests was explaining the mine situation. "I feel good with the father here because he explains things and motivates us." Tradition in San Marcos favors the activist style currently in play.

During the war years, in the 1970s and 1980s, the church stood with the campesinos, and now the people are as willing to take on the worldwide church as they are to face down the mining company. The church's local radio station, Stereo Archangel, airs regular anti-mine programming as well as commentary like that of announcer David Diaz who said in a broadcast, "The new pope has a responsibility to put the church's words into action." It appears that not even the pope can stop the process now. Glamis has announced that the mine will start producing Nov. 1.

The company has upped its production estimates and now says it will extract 250,000 ounces of gold and 3.5 million ounces of silver by the end of 2006. To accomplish this, it will have moved 1.5 million tons of earth and drenched it in cyanide. About 400 people will get jobs paying well above the less than US\$2 a day they live on now. They will have those jobs for a decade. They and their neighbors will breathe air contaminated with sulfides, drink water laced with cyanide, and live in a moonscape ever after.

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